Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in s. 227.53, Stats. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in s. 227.01(3), Stats., a person aggrieved by the order has the further right to file one petition for rehearing as provided in s. 227.49, Stats. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with s. 227.48(2), Stats., and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 4/22/91

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, to consider Ameritech Michigan's compliance with the competitive checklist in Section 271 of the Telecommunications Act of 1996.	))))))	Case No. U-11104

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF INGHAM)

Denise A. Pearl, being first duly sworn, deposes and says that on September 19, 1996, she served a copy of AT&T Communications of Michigan, Inc.'s Letter and Attachments dated 9/18/96 upon the parties of the attached service list by depositing the same in the United States mail, enclosed in an envelope bearing postage fully prepaid and properly addressed.

Denise A. Pearl

Denise A. Pearl

Subscribed and sworn to before me this 19th day of September, 1996.

Robecca J. Wolfe

ROBECCA J. WOLFE
Notary Public, Eaton County, MI
My Comm. Expires Feb. 14, 2000
"(acting in Ingham County)"

U-11104 Service List

AT&T
Larry Salustro (P44174)
Cheryl Urbanski (P55005)
4660 S. Hagadorn Rd., Suite 640
East Lansing, MI 48823
(517) 332-9610
(312) 230-2665
(312) 230-8210 (Fax)

George Hogg, Jr. (P15055)
Fischer, Franklin & Ford
3505 Guardian Bldg.
Detroit, MI 48226-3801
(313) 962-5210
(313) 962-4559 (Fax)

MCTA
David Marvin (P26564)
Michael Ashton (P40474)
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1000 Michigan National Tower
Lansing, MI 48933
(517) 485-5800

TCG
Roderick Coy (P12290)
Stewart Binke (P47149)
Clark Hill P.L.C.
200 N. Capitol Ave., Suite 600
Lansing, MI 48933
(517) 484-4481

Douglas Trabaris
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(312) 705-9829

World Com, Inc.
Norman Witte (P40546)
115 W. Allegan Ave., 10th Floor
Lansing, MI 48823-1712
(517) 485-0070
(517) 485-0187 (Fax)

MCI
Albert Ernst (P24059)
Dykema Gossett
800 Michigan National Tower
Lansing, MI 48933-1707
(517) 374-9100
(517) 374-9191 (Fax)

Ameritech
Craig Anderson (P28968)
Michael Holmes (P24071)
444 Michigan Ave., Room 1750
Detroit, MI 48226
(313) 223-8033

Attorney General
Orjiakor N. Isiogu
Assistant Attorney General
Special Litigation Division
630 Law Bldg.
Lansing,MI 48909
(517) 373-1123
(517) 373-9860 (Fax)

#25

AT&T

William A. Davis II
Chief Regulatory Counsel
Central Region

September 18, 1996

13th Floor
227 West Monroe Street
Chicago, Illinois 60606
312 230-2636

VIA HAND DELIVERY

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
P.O. Box 30221
Lansing, MI 48909

Re: **Cause No. U-11104**
In the Matter, on the Commission's own motion, to consider Ameritech Michigan's compliance with the competitive checklist in Section 271 of the Telecommunications Act of 1996

Dear Ms. Wideman:

AT&T requests that this letter and the attached documents, all of which are public records from the Wisconsin Public Service Commission, be included in the record of the above-entitled proceeding concerning compliance by Ameritech with Section 271 of the Telecommunications Act of 1996 (TA 96). To the extent necessary, AT&T requests administrative notice of these documents.

These documents demonstrate that careful inquiry is appropriate concerning the nature of the relationship between Ameritech and any competitive local exchange company which Ameritech puts forward as providing competition within the meaning of the "actual competition" test under Section 271. The attached documents imply that Ameritech may well submit agreements with companies with which it has a financial interest without disclosing the interest, may make unspoken reservations based on technical points concerning corporate legal structures within an enterprise, and may dispute the existence of equity ownership rights merely because they are contingent upon future, albeit certain, events. Other terms may also be included in the agreements which are inconsistent with a competitive marketplace, although they are completely understandable in an agreement between future affiliates.

The background of the situation in Wisconsin is as follows. By Orders entered on July 25, 1995 and November 22, 1995, the Wisconsin Commission, based on complaints by AT&T and others, mandated that Ameritech implement intraLATA 1+ interconnection services according to a specific schedule. Following Ameritech's unsuccessful attempt to stay the decision in Circuit Court, the Wisconsin

SEP 20 1996

Commission agreed to reopen the proceeding to reconsider the implementation schedule in view of the passage of the Telecommunications Act of 1996. On June 6, 1996, the Commission agreed to defer the implementation of intraLATA 1+ presubscription if, by August 1, 1996 Ameritech, inter alia, concluded and filed with the Commission interconnection agreements with two competitors, a facilities-based competitor and a reseller, regarding the terms and conditions under which the competitors may interconnect for local service pursuant to Section 252(a)(1) of TA 96. The Commission specified that only contracts with certain substantial competitors would qualify, including complainants in the original proceeding or companies that had previously filed bona fide requests to Ameritech to interconnect under TA 96 before April 1, 1996.[1] However, the Commission left open the opportunity for Ameritech to show that additional interconnectors could be designated as substantial competitors for the purpose of postponing the intraLATA 1+ competition.

The Wisconsin Commission explained that it was providing a potential for deferral in the 1+ interconnection schedule in an effort to accelerate competition for local services in Wisconsin. The Commission cited the provisions of TA 96 allowing Ameritech to provide in-region interLATA toll services (Sections 271(b)(1) and (d)(3)), and also indicated that it was providing an incentive to encourage Ameritech to provide local services on a competitive basis. It stated:

> [T]he Commission emphasizes that it is authorizing a delay in the implementation schedule in this docket for up to six months in order to obtain a significant step toward local service competition in this state. Because a similar agreement is also a necessary part of Ameritech's application as an in-region interLATA carrier, the agreements required under this incentive will also improve the competitiveness of the interLATA long distance market in Wisconsin as well. Order of June 6, 1996, at 12-13.

On July 30, 1996, just prior to the August 1 deadline, Ameritech filed two agreements dated July 26, 1996, between Wisconsin Bell, Inc. (d/b/a Ameritech Wisconsin) and GE Capital Communications Services Corporation (GECCSC). Both agreements were for resale services, one of which was for residence and the other for business services. Although GECCSC was an authorized long distance reseller within Wisconsin since 1993, it was only on July 22, 1996 that GECCSC notified the Commission of its intent to expand its service offering in Wisconsin to include "all forms of resold local exchange telecommunications services." GECCSC

[1] The qualifying competitors for this purpose included the parties seeking intraLATA presubscription, AT&T, MCI, Sprint, Schneider Communications, Inc., and Norlight, as well as pre-April, 1996 authorized providers, TCG and MFS.

indicated that prior to that date it was operating in Wisconsin only as a reseller of MTS, Software Defined Network (SDN)-type services and WATS. GECCSC asserted that granting it the authorization to resell local service will further the Commission's policies of competitive entry and the goals of TA 96, and contribute to the development of local competition.

On July 31, the day after the filing of these interconnection agreements and nine days after GECCSC sought to expand its authority to provide local service, Ameritech filed its request with the Wisconsin Commission to postpone intraLATA 1+ presubscription, claiming that it satisfied all the requirements in the June Order for postponement. With regard to the requirement to have interconnection agreements with facilities-based providers, Ameritech represented that it had filed agreements with two facilities-based competitors, MFS of Wisconsin and Time Warner. With regard to resale, the only carrier mentioned was GECCSC, based on the agreements which two days previously had been filed with the Commission. Although GECCSC was neither a complainant nor a company that had sought interconnection from Ameritech prior to April, 1996, Ameritech represented that GECCSC should nonetheless be considered qualifying as a provider because it would, among other things, further the Commission's policies of "introducing timely, broad-based and effective competition to all telecommunications markets in Wisconsin as soon as possible." And, Ameritech represented, GECCSC "will have a sufficient presence in a local telecommunications market in Wisconsin to serve as an appropriate model for future agreements...it has brandname recognition and the financial resources superior to that of many of the nearly 300 similarly certified Wisconsin resellers. By its contracts it has demonstrated its intention to serve not only the business but the residential Wisconsin market as well."

In response to the July 31, 1996 filing, the Wisconsin Commission Staff sent a request for information to Ameritech, dated August 6, 1996, which is attached as Exhibit A. Staff posed four separate questions in two areas.

First, Commission records showed that some five months earlier, GECCSC had sold a portion of its Wisconsin customer base to another company, MIDCOM Communications, Inc. The Staff asked whether Ameritech was aware that GECCSC, far from expanding its presence as a competitive company in Wisconsin, as Ameritech represented, was in fact reducing its presence. Staff further inquired whether, given the reduction of GECCSC's customer base, Ameritech has some basis to claim that the interconnection agreement will further the Commission's goal of introducing timely, broad-based and effective competition to all telecommunications markets. Finally, on this point, Staff asked for documentation from Ameritech indicating support for its assertion that GECCSC now included both business and residence customers and both urban and rural customers.

Second, Staff inquired concerning a possible financial interest Ameritech had in GECCSC. Staff quoted Ameritech's annual reports for the last two years that indicated that:

> Ameritech holds a $472 million debt stake in GE Information Services, which will convert to a 30% equity stake as soon as certain restrictions on long distance service are removed.

Based on this current financial interest and inevitable equity interest, Staff inquired on what basis Ameritech claimed it had an interconnection agreement with a local service resale competitor.[2]

Ameritech responded by brief letter on August 15. (Attached as Exhibit B) With regard to the representation Ameritech made concerning GECCSC's presence and the expansion of competition, Ameritech indicated that it had relied upon a one-page letter from counsel for GECCSC indicating its intention "to expand its service offering in the state of Wisconsin to include all forms of resold local exchange telecommunications services." This was the same letter filed with the Commission on July 22, 1996 seeking expansion of GECCSC's operating authority.

With regard to the financial interest question, Ameritech indicated that it had "no financial interest in GE Capital Communications Services Corporation." Ameritech admitted that it had "lent money" to another GE subsidiary, GE Information Services (GEIS). With regard to the equity interest, Ameritech stated that Ameritech presently has no equity interest in GEIS or any other GE subsidiary. Continuing the attempted distinction between affiliates, Ameritech indicated that "GEIS does not provide local exchange services." GECCSC could, therefore, be a competitor of Ameritech Wisconsin in the provision of local exchange service.

Two aspects of this explanation warrant more scrutiny. First, GE is now a debtor to Ameritech, paying interest on a half billion dollar loan. This obligation ceases when Ameritech becomes a long distance provider, an event that may depend in part on interconnection agreements such as the one submitted to the Wisconsin Commission. Thus, GEIS as debtor and Ameritech both have an interest in Ameritech satisfying the long distance entry requirements.

Second, the relationship may not be "arms length." Regardless of whether Ameritech and GECCSC are now "affiliated" within the meaning of either Wisconsin law or TA 96, there is an undeniable relationship. The contingency prior to the

[2] Attached to Ameritech's Commission letter is the letter from MIDCOM to the Commission dated February 6, 1996. Also attached are pages from Ameritech's 1994 and 1995 Annual Reports.

equity interest--interLATA entry--is sure to occur within the 10 year term of the contract. Thus, the interconnection agreement submitted will be one in which Ameritech is the party on one side and an affiliate of the party on the other side--indirectly, but in a real sense, Ameritech will have contracted with itself and submitted that contract as proof of competition.

Obviously, this situation would give another appearance if Ameritech's equity interest had nothing to do with telecommunications or TA 96. Because of the close connection, however, and the real effect that such agreements may have on bringing about the contingency, these matters are significant.

In addition, there are at least two other unusual items in these agreements that raise questions about whether they are "arms length." In return for the local service interconnection terms, GECCSC apparently agrees not to compete with Ameritech for the provision of intraLATA toll services:

> IntraLATA toll service. Reseller hereby guarantees Ameritech 100% of its intraLATA toll service usage during the term of this Agreement. IntraLATA toll shall include directly dialed intraLATA message toll service. Agreement, page 11 (residential service); Agreement, page 11 (business service).

Similarly, both agreements contain a provision whereby GECCSC is obligated to give Ameritech the right to provide interLATA services to GECCSC under rates, terms, and conditions that are equal to or superior to those of other interLATA providers in the relevant service areas. Agreement, page 19 (residential service); Agreement, page 19 (business service).

The intraLATA provision is especially troublesome in view of GECCSC's current business. GECCSC is currently exclusively an interexchange service provider reselling WATS, MTS, and SDN-type services in Wisconsin. Under the Wisconsin Commission's Order, it will soon be able to provide those services on an intraLATA presubscribed basis even if its resale interconnection agreement with Ameritech delays that market opportunity for a few months.

On August 27, 1996, the Wisconsin Commission voted 3-0 to deny Ameritech's request for further postponement of intraLATA 1+ presubscription. In denying the request, the Wisconsin Commission focused on the GECCSC's agreements and found them not in the public interest. The Commission specifically noted that intraLATA and interLATA toll service provisions in the agreements were impermissible tying arrangements; that Ameritech's substantial investment in GEIS raised affiliated interest concerns and concerns about whether the agreements were bargained at arms length; and that the scope of agreements, only involving 7,500 lines, did not create a sufficient presence in Wisconsin by GECCSC to service as a model agreement.

On August 27, 1996, Ameritech filed a motion with the Wisconsin Commission asking the Commission to reconsider its decision. Ameritech represented that it had removed the intraLATA toll service provision from both agreements. On August 29, 1996 Ameritech represented that it had removed the interLATA provisions.

On August 29, 1996, the Wisconsin Commission denied Ameritech's Petition for Reconsideration. The Commission noted "[w]hile the [Ameritech] filing purports to eliminate those sections of the Interconnection Agreement to which the Commission has objected, there is no evidence that the other party to contract, GE Capital Communication Services has agreed to the revision of the contract. There is, therefore, no new contract or revision to a prior contract before the Commission at this time." (Wisconsin Commission's Letter Order dated August 29, 1996 - Docket No. 6720-TI-111 (copy attached as Exhibit C), p. 2). In addition, the Commission found that the "anti-competitive aspects of the Interconnection Agreement that prompted the Commission's disapproval on August 27 still exist. The Commission is concerned that the tying arrangement may be in violation of state and federal anti-trust laws." (Id.) Finally, the Commission held "the fact that Ameritech has unilaterally amended substantive terms of this agreement only strengthens this Commission's impression that this is not an arm's length transaction with a competing provider of local telecommunication services in Wisconsin." (Id. at p. 2, 3.)

This situation is informative for the oversight of Ameritech agreements in view of the requirement, under TA 96, that Ameritech certify that it has entered into an agreement with providers of facilities-based local services for both residence and business customers. It is apparent from Ameritech's actions in this Wisconsin case that Ameritech may fail to disclose affirmatively what others may find to be relevant financial relationships between parties to interconnection agreements, whether or not they meet the definition of "affiliates," and that when questioned Ameritech will respond to affiliation issues citing technical and intricate corporate legal structures. If this Wisconsin experience is representative, the Commissions must inquire specifically, and it must ask the right questions.

Ameritech has already entered into agreements with potential competitors, some of which are characterized by extraordinarily long terms, such as ten-year resale agreements. AT&T does not dispute that Ameritech can enter into an interconnection agreement with any entity, whether or not it is affiliated with Ameritech and whether or not Ameritech has a financial interest. However, to the extent that (1) the interconnection agreement would be relied upon by Ameritech to satisfy the particular interconnection agreement requirement in Section 271 of TA 96, or (2) the agreement would be given even slight precendential weight in judging the reasonableness of agreements or the outcomes of arbitrations with other competitors, then the Commission should inquire closely into these matters. The inquiry should extend to the financial or managerial relationship, if any, between Ameritech and the other company, the existence, if any, of side arrangements such as financing or future equity options or rights, and the terms, if any, in which the other entity agrees not to compete with Ameritech in return for the particular terms that the competitor has received.

AT&T does not have information that such other relationships exist, because it has thus far relied on Ameritech's disclosures in filings made with the state commissions. However, documents filed with the Wisconsin Commission, both those originally filed that did not include disclosures and the response offered by Ameritech even after it was confronted with public records and paragraphs from its own annual report, do not generate confidence that Ameritech's voluntary disclosures will contain all relevant information on these subjects.

Respectfully submitted,

William A. Davis

William A. Davis, II
Counsel for AT&T

WAD/clb
Attachments

cc: All parties on attached Service List (w/enclosures)

Exhibit A

Public Service Commission of Wisconsin

Cheryl L. Parrino, Chairman
Scott A. Neitzel, Commissioner
Daniel J. Eastman, Commissioner

Jacqueline K. Reynolds, Executive Assistant
Lynda L. Dorr, Secretary to the Commission
Steven M. Schur, Chief Counsel

August 6, 1996

Michael Paulson
Ameritech Wisconsin
722 North Broadway
Milwaukee, WI 53202-4396

Re: In the Matter of a Complaint and Petition for an Order Requiring IntraLATA Equal Access in the Exchanges of Ameritech Wisconsin — 6720-TI-111

Docket 6720-TI-111 - DATA REQUEST 1

Dear Mr. Paulson:

To assist our review of Ameritech's July 31, 1996, request for waiver, we request that you respond to the questions below. For purposes of your response, any reference herein to Ameritech should be deemed to include any affiliate of Ameritech having a current affiliated contract or arrangement with Ameritech Wisconsin, as those terms are referenced in s. 196.52, Stats.

1. In Ameritech Wisconsin's request for waiver, Ameritech asserts that "GECCS will have a sufficient presence in the local telecommunications market in Wisconsin to serve as an appropriate model for future agreements that other telecommunications providers may reach with Ameritech." However, on February 6, 1996, MIDCOM Communications Inc., informed the Commission that it was acquiring a portion of GECCS's Wisconsin customer base. A copy of that letter is enclosed. Was Ameritech aware that GECCS had previously decided to reduce its presence in Wisconsin when it prepared its waiver request?

2. Given the fact that GECCS has sold, or is selling, a portion of its customer base in Wisconsin, on what basis does Ameritech assert that GECCS has or will have presence in the local telecommunications market? What information does Ameritech have to indicate whether the current customers served by GE Capital Communication Services Corporation (as well as customers served by GE Exchange, GE Capital Exchange or GE Capital-ResCom) include both business and residential customers and both urban and rural customers?

3. Again, given the fact that GECCS has sold, or is selling, a portion of its customer base in Wisconsin, does Ameritech have any other information upon which to base its claim that the interconnection agreement with GECCS will further the Commission's goal of introducing timely, broad-based, and effective competition to all telecommunications markets.

4. In Ameritech's 1994 Annual Report, at page 26, the company reports:

   > In May 1994, $472.5 million was invested in the form of a loan to a General Electric Company (GE) subsidiary that provides sophisticated electronic commerce . . . The loan converts to a 30% equity position if certain regulatory relief is granted to the company.

   In Ameritech's 1995 Annual Report, at page 15, the company again reports:

   > GE Information Services (GEIS) is a leader in the worldwide electronic data interchange market . . . Ameritech holds a $472 million debt stake in GEIS, which will convert to a 30% equity stake as soon as certain restrictions on long distance services are removed.

   Does Ameritech have any financial interest in GE Capital Communication Services Corporation? Does GE Information Services have any financial interest in GE Capital Communication Services Corporation? Given the substantial equity interest Ameritech holds in at least one GE subsidiary, on what basis does Ameritech claim that it has entered into an interconnection agreement with a competitor?

Please address your reply to this data request, an original and four copies, to Scot Cullen, Administrator, Telecommunications Division, P.O. Box 7854, Madison, Wisconsin 53707-7854. Comments are due in Madison by August 15, 1996. Correspondence should reference docket 6720-TI-111.

If you have any further questions regarding this matter, please give Dennis Klaila a call at (608) 267-9780.

Sincerely,

Glenn Kelley

Glenn Kelley
Chief Counsel
Telecommunications Division

GK:DJK:reb:h:\ss\letter\111_dat.req

cc: Service List
Lynda Dorr, PSC
RM/Mail

MIDCOM

February 6, 1996

PUBLIC SERVICE COMMISSION

1996 FEB -9 P 12: 45
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7832

Wisconsin Public Service Commission
Attn: Telecommunications
P.O. Box 7854
Madison, WI 53707-7854

RECEIVED
FEB 1 2 1996
TELECOMMUNICATIONS DIVISION

RE: Partial Customer Base Acquisition

Dear Ladies/Gentlemen:

By this letter, MIDCOM Communications Inc. ("MIDCOM") and GE Capital Communication Services Corporation, d/b/a GE Exchange and d/b/a GE Capital Exchange ("GE") hereby jointly inform the Wisconsin Public Service Commission ("Commission") that MIDCOM is in the process of acquiring a portion of GE's Wisconsin customer base.

Both MIDCOM and GE are certified by the Commission as alternative telecommunications utilities with authority to resell telecommunications services. The Commission granted certification to MIDCOM in Docket No. 7645-TI-100 on December 16, 1991, and to GE in Docket No. 7832-TI-100 on September 17, 1993. No transfer of certificates, permits or operative rights is therefore required.

GE customers will continue to receive the same or improved services at their current rates and with the same billing arrangements. GE will continued to exist and operate under its own name and does not want its certification or tariff canceled. A verification from an officer of GE attesting that the statements made in this letter are true is attached.

Please acknowledge receipt of this notification by file-stamping and returning the extra copy of the letter in the self-addressed, stamped envelope, provided for this purpose. Questions regarding this matter may be directed to me at (206) 628-7369.

Stamped + return

Sincerely,
MIDCOM Communications Inc.

Bradley D. Toney

Bradley D. Toney
Assistant Counsel

TI
RMI

Enclosure

72_ North Broad...,
Room 1608
Milwaukee, WI 53202
Office 414-678-2127
Fax 414/678-2444

Michael L Paulsen
Attorney

Exhibit

Ameritech

RECEIVED
AUG 1 6 1996
TELECOMMUNICATIONS

August 15, 1996

1996 AUG 15 P 4:26
RECEIVED
PUBLIC SERVICE COMMISSION OF WISCONSIN

Mr. Scot Cullen
Administrator
Telecommunications Division
Public Service Commission of Wisconsin
P. O. Box 7854
Madison, WI 53707-7854

Re: Docket 6720-TI-111
(Data Request 1)

Dear Mr. Cullen:

Ameritech Wisconsin respectfully submits the following responses to the data request dated August 6, 1996, in this docket.

1, 2, and 3. In preparing its waiver request in this proceeding and making representations with respect to GE Capital Communications Services ("GECCS") operations in Wisconsin, Ameritech Wisconsin relied upon the agreement between Ameritech Wisconsin and GECCS as well as the July 22, 1996, letter from Swidler & Berlin, Counsel to GECCS, to the Commission indicating that GECCS "intends to *expand its service offerings in the State of Wisconsin* to include all forms of resold local exchange telecommunications services." (Emphasis added.) GECCS specifically represented that "expansion of GECCS's service offerings to include exchange resale services will further the Commission's policies in favor of competitive entry. . . . Expansion of GECCS's service offerings will also contribute to the development of local competition in the State of Wisconsin." A copy of the letter is attached for your convenience.

In addition, Ameritech Wisconsin will fulfill its obligations under the law to make the same terms and conditions for interconnection and resale available to any other telecommunications carrier. The agreement, therefore, proves the willingness of Ameritech Wisconsin to support competitive entry via resale of its services in its exchanges throughout Wisconsin. Because this agreement is not limited to services provided either to residential or business customers, or to urban or rural customers, all classes of customers will receive the benefits of this competitive entry, whether directly by GECCS or by other resellers willing to enter into similar agreements.

4. Ameritech has no financial interest in GE Capital Communications Services Corporation. Ameritech has lent money to GE Information Services ("GEIS"), as indicated in Ameritech's annual reports; Ameritech presently has no equity interest in GEIS or any other GE subsidiary. Ameritech exercises no control or influence over the operations of GEIS or GECCS. GECCS and GEIS are independent, wholly owned subsidiaries of GE. (See attached pages from the GE annual report.) GEIS does not provide local exchange services. GECCS is, therefore, a competitor of Ameritech Wisconsin in the provision of local exchange services.

If additional information is required, please do not hesitate to contact me.

Very truly yours,

Michael Paulson

cc:
Service List

SWIDLER
&
BERLIN
CHARTERED

STAMP AND RETURN

July 22, 1996

RECEIVED
96 JUL 23 A 9:12

VIA OVERNIGHT DELIVERY

Lynda Dorr, Secretary
Public Service Commission of Wisconsin
610 N. Whitney Way
Madison, WI 53705-2729

Re: GE Capital Communication Services; Docket No. 7832-TI-100
Notice that GE Capital Communication Services intends to expand its service offerings to include resold local exchange services

Dear Ms. Dorr:

By this letter, and pursuant to s. PSC 168.07(1) Wis. Adm. Code and the Commission's Order in Docket No. 05-TI-138 dated July 2, 1996, GE Capital Communication Services Corporation d/b/a GE Capital Exchange and d/b/a GE EXCHANGE® ("GECCS"), hereby notifies the Commission that it intends to expand its service offerings in the State of Wisconsin to include all forms of resold local exchange telecommunications services. GECCS was certified as an Alternative Telecommunications Utility (ATU) in Docket No. 7832-TI-100 on September 16, 1993, and currently operates in Wisconsin as a reseller of intrastate Message Telephone Service (MTS), Software Defined Network (SDN) type services and Wide Area Telephone Services (WATS).

GECCS respectfully submits that the expansion of GECCS's service offerings to include local exchange resale services will further the Commission's policies in favor of competitive entry, as articulated in the July 2, 1996 Order, as well as the goals of the Federal Telecommunications Act of 1996. Expansion of GECCS's service offerings will also contribute to the development of local competition in the State of Wisconsin.

3000 K Street, N.W. • Suite 300
Washington, D.C. 20007-5116

Enclosed are an original and three copies of this letter. Also enclosed is an extra copy of this letter; please date-stamp this copy and return it to the undersigned in the enclosed self-addressed, stamped envelope. Please do not hesitate to call the undersigned if you have any questions or need any further information.

Sincerely,

Katherine A. Rolph

Margaret M. Charles
Katherine A. Rolph
Counsel to
GE Capital Communication Services Corporation
d/b/a GE Capital Exchange and d/b/a GE EXCHANGE®

Enclosures

cc: Robert E. Stimson
Meredith Hayes Gifford

Management

(As of February 9, 1996)

Corporate Executive Officers

John F. Welch, Jr.
Chairman of the Board and Chief Executive Officer

Paolo Fresco
Vice Chairman of the Board and Executive Officer

John D. Opie
Vice Chairman of the Board and Executive Officer

Senior Corporate Officers




William J. Conaty
Senior Vice President, Human Resources

Dennis D. Dammerman
Senior Vice President, Finance

Lewis S. Edelheit
Senior Vice President, Research and Development

Benjamin W. Heineman, Jr.
Senior Vice President, General Counsel and Secretary

Corporate Staff Officers

Philip D. Ameen
Vice President and Comptroller

[illegible]
Vice President, Research and Development

James R. Bunt
Vice President and Treasurer

[illegible]
Vice President, Mergers and Acquisitions and International Finance

Pamela Daley
Vice President and Senior Counsel, Transactions

Dale F. Frey
Chairman and President, General Electric Investment Corporation

S. Michael Gadbaw
Vice President and Senior Counsel, International Law and Policy

Joyce Hergenhan
Vice President, Public Relations

James W. Ireland III
Vice President, Audit Staff

Steven Kerr
Vice President, Leadership Development

Robert W. Nelson
Vice President, Financial Planning and Analysis

[illegible]
Vice President, Executive Development

Stephen D. Ramsey
Vice President, Environmental Programs

Gary M. Reiner
Vice President, Business Development

John M. Samuels
Vice President and Senior Counsel, Taxes

Susan M. Walter
Vice President, Government Relations

Operating Management

(As of February 9, 1996)

Aircraft Engines

Eugene F. Murphy
President and Chief Executive Officer, GE Aircraft Engines

Corbett D. Caudill
Vice President, Engineering

Charles L. Chadwell
Vice President, Commercial Engines

Robert L. Colman
Vice President, Human Resources

Herbert D. Depp
Vice President, Marketing and Sales

John J. Falconi
Vice President, Finance and Information Technology

Henry A. Hubschman
General Counsel and Vice President, Business Development

Dennis R. Little
Vice President, Military Engines

Robert G. Stiber
Vice President, Production and Procurement

William J. Vareschi
Vice President, Engine Services

Appliances

J. Richard Stonesifer
President and Chief Executive Officer, GE Appliances

Bruce R. Albertson
President and Regional Executive, Asia

Charles Cottrell
Vice President, Consumer Service

Lawrence R. Johnston
Vice President, Sales and Distribution

Steven C. Riedel
Vice President, Marketing and Product Management

R. Mark Schmink
Vice President, Technology

Thomas C. Tiller
Vice President, Purchasing and Manufacturing

Bruce A. Enders
Managing Director, General Domestic Appliances, Ltd.

Capital Services

Gary C. Wendt
Chairman, President and Chief Executive Officer, GE Capital Services, Inc. and Chairman and Chief Executive Officer, GE Capital Corporation

Denis J. Nayden
President and Chief Operating Officer, GE Capital

Nigel D.T. Andrews
Executive Vice President, GE Capital Corporation

Michael D. Fraizer
Vice President, Commercial Real Estate Financing and Services

James T. Johnson
President, GE Capital Aviation Services, Inc.

Robert L. Lewis
President, GE Capital Global Project and Structured Finance

Michael A. Neal
Executive Vice President, GE Capital Corporation

Gregory T. Barmore
Vice President, GE Capital Mortgage Corporation

Edward D. Stewart
Executive Vice President, GE Capital Corporation

Sandra L. Derickson
President, GE Capital Auto Financial Services

David R. Nissen
President, GE Capital International Consumer Financial Services

Daniel W. Porter
President, GE Capital Retailer Financial Services

Kaj Ahlmann
Chairman, President and Chief Executive Officer, Employers Reinsurance Corporation

Nancy E. Barton
Senior Vice President, General Counsel and Secretary

James A. Parke
Senior Vice President, Finance

Lawrence J. Toole
Senior Vice President, Human Resources

Lighting

W. James McNerney, Jr.
President and Chief Executive Officer, GE Lighting

Joseph E. Borrusso
Vice President, North American Production

John E. Breen
Vice President, Quality and Technology

Jeffrey P. Bazoor
Vice President, Asia-Pacific

Richard M. Jackson, Jr.
Vice President and General Counsel

James E. Mohn
Vice President, Finance

Charles F. Pieper
President and Chief Executive Officer, GE Lighting Europe

Steven J. Willoughby
Vice President, Worldwide Marketing and Product Management

Medical Systems

John M. Trani
President and Chief Executive Officer, GE Medical Systems

Arno Bohn
President and Chief Executive Officer, GE Medical Systems Europe

Bobby J. Bowen
Vice President, Advanced Technology

Thomas E. Dunham
Vice President, Americas Service

Serge Huot
Vice President, Global Sourcing and Manufacturing

Göran S. Malm
President and Chief Executive Officer, GE Medical Systems Asia Ltd. and Chairman and Chief Executive Officer, Yokogawa Medical Systems

Paul J. Mirabella
Vice President, Americas Sales

James C. Del Mauro
Vice President, Multi-Hospital Systems

Gary Rohde
Vice President, Global Technology

NBC

Robert C. Wright
President and Chief Executive Officer, National Broadcasting Company, Inc.

William Bolster
President, CNBC

Neil Braun
President, Television Network

Richard Cotton
Executive Vice President and General Counsel

Dick Ebersol
President, Sports

Warren C. Jenson
Senior Vice President, Finance

Andrew R. Lack
President, News

Donald W. Ohlmeyer, Jr.
President, NBC-West Coast

Thomas S. Rogers
President, NBC Cable and Business Development

John H. Rohrbeck
President, Television Stations

Edward L. Scanlon
Executive Vice President, Employee Relations

Operating Management

(Continued)

Plastics

Gary L. Rogers
President and Chief Executive Officer, GE Plastics

Moore J. Abele-Tashey
Vice President and General Counsel

Robert H. Brent
Vice President, Finance

David M. Cole
Vice President, GE Silicones

Jeffrey R. Immelt
Vice President, GE Plastics–Americas

Charles E. Crew, Jr.
Vice President, Sales

Joan M. Hammond
Vice President, Worldwide Technology

John G. Rice
President and Representative Director, GE Plastics Pacific

Uwe S. Wascher
Senior Managing Director, GE Plastics–Europe

Piet C. van Abeelen
Vice President, Europe Manufacturing

William A. Woodburn
Vice President, GE Superabrasives

Power Systems

Robert L. Nardelli
President and Chief Executive Officer, GE Power Systems

Francis S. Blake
General Counsel and Vice President, Business Development

Stephen B. Bransfield
Vice President, Power Generation Production

Donald M. Bowman
Vice President, Human Resources

Marc M. Little
Vice President, Power Generation Engineering

Thomas C. Paul
Vice President, Technology

Hugh J. Murphy
Vice President, Strategic Initiatives

Ronald R. Pressman
Vice President, Marketing

Thomas P. Saddlemire
Vice President, Finance

Steven R. Specker
Vice President, Nuclear Energy

William E. West
Vice President and Regional Executive, Americas

Donald E. Williams
Vice President, Europe, Middle East and Africa; and President and Chief Executive Officer, Nuovo Pignone

Delbert L. Williamson
President and Regional Executive, Asia

Electrical Distribution and Control

Lloyd G. Trotter
President and Chief Executive Officer, GE Electrical Distribution and Control

Ricardo Artigas
President and Chief Executive Officer, GE Power Controls

Stephen M. Bennett
Vice President, Americas

Richard L. Pease
Vice President, Power Delivery

Information Services

Nelson S. Bennett
President and Chief Executive Officer, GE Information Services

Motors and Industrial Systems

James W. Rogers
President and Chief Executive Officer, GE Motors and Industrial Systems

Robert P. Collins
President and Chief Executive Officer, GE Fanuc Automation North America, Inc.

David E. Mason
Vice President, Industrial Motors

Russell L. Shade, Jr.
Vice President, Drive Systems and Turbine Controls

Transportation Systems

David L. Calhoun
President and Chief Executive Officer, GE Transportation Systems

Richard F. Segalini
Vice President, Engineering and Production

International

Scott R. Bayman
President and Chief Executive Officer, GE India

Kenneth C. Brown
President, GE Southeast Asia

Mei-Wei Cheng
President and Chief Executive Officer, GE China

Ugo Bruneta
Vice President and Senior Counsel

Robert T.E. Gillespie
Chairman and Chief Executive Officer, General Electric Canada Inc.

Jay F. Lapin
President and Chief Executive Officer, GE Japan

John T. McCarter
President, GE South America

Alistair C. Stewart
President, GE Middle East, Africa, Central and Eastern Europe

GE Supply

William L. Meddaugh
President and Chief Executive Officer, GE Supply

Licensing/Trading

Steven A. Fisher
President and Chief Executive Officer, GE and RCA Licensing Management Operation, Inc. and GE Trading Company

Marketing and Sales

Thomas E. Cooper
Vice President, Washington Operations

Albert J. Febbo
Vice President, Aerospace

Henry J. Singer
Vice President, Area Management and Sales

LONG DISTANCE Long distance is a cornerstone of our plans for a full-service communications offering. The new federal communications law opens up an $8.5 billion regional long distance market to us. We are quickly moving to meet all requirements of the new law, and continuing to foster a competitive local telephone market, in order to gain regulators' approval of our long distance entry. We're optimistic that we'll meet all these requirements and gain entry in 1997. As a first step, we have already begun to offer Ameritech long distance service to our 1.9 million cellular customers. Long distance is a natural extension of our core business: we handle the local completion of 6 billion long distance calls each year. Our new long distance business unit is ready to compete as soon as we receive approval.

DESKTOP MANAGED SERVICES Companies refocusing on their core business often outsource the telecommunications function to us. In 1995 we formed a partnership with IBM to pursue this business. Our venture is the first to offer an integrated package of voice, data and video desktop managed services. We provide a single point of contact for managing all desktop-based communications and computing—PCs, phones, PBXs, local area networks, faxes and more.

ELECTRONIC COMMERCE GE Information Services (GEIS) is a leader in the worldwide electronic data interchange market, which expanded 25% in 1995. Ameritech holds a $472 million debt stake in GEIS, which will convert to a 30% equity stake as soon as certain restrictions on long distance services are removed. GE Information Services electronically links businesses with suppliers, distributors, manufacturers and customers to streamline transactions and improve information flows. More than 40,000 businesses worldwide use GEIS services to improve productivity, lower costs and shorten cycle times.

ADDITIONAL SOURCES OF GROWTH

ON-LINE HEALTH CARE
Some 2,000 doctors, hospitals and insurers in eight major metropolitan areas use our health care networks and clinical databases to speed information, cut paperwork and lower administrative costs by 20%.

ON-LINE TRAVEL
Customers make reservations, buy tickets, access entertainment information and even buy travel guides on-line through Travelocity, a new Internet service from Worldview Systems, in which we own a minority stake.

CIVICLINK
We make government records available on-line, saving trips to the courthouse and time spent poring through paper files. New customers include Los Angeles County and Prince George's County, Maryland.

ELECTRONIC SALES
Our new Electronic Sales Environment makes companies' marketing and product information accessible by phone, fax or PC. It helps customers build sales by linking staff, sales channels, customers and others.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in millions, except per share amounts)

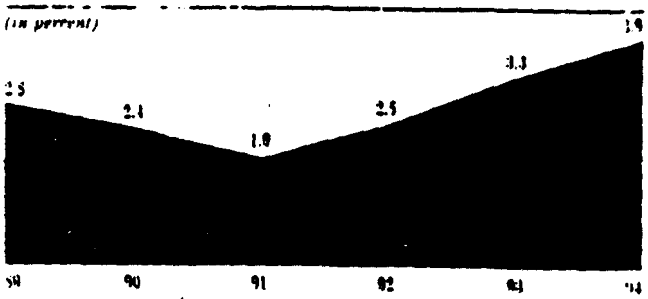
Overview

The following discussion reflects the historical view of the company with a view toward the future.

In 1994, several key initiatives were successfully implemented which better positioned the company for competition. These included: adoption of accounting for competitive enterprises after receiving price regulation in our five states, the benefits of work force restructuring, and approval in December to construct a video dial tone network. The company determined that, due to its changed regulatory environment and emerging competition, it should discontinue use of accounting rules for regulated companies and adopt accounting rules applicable to competitive enterprises. As a result, an extraordinary after-tax noncash charge of $2.2 billion ($4.07 per share) was recorded, as net fixed assets were deemed to be underdepreciated due primarily to unrealistic depreciation lives assigned by regulators (see page 30). Going forward, the company's financial statements reflect more realistic estimates of depreciable lives and conventional accounting rules.

Access Line Growth

(in percent)



1994 was also the first full year of operating under an organizational strategy that assigns each customer to a business unit. Previously, the company structured its business around geographically based subsidiaries (Illinois Bell, Ohio Bell, etc.) through which it continues to raise capital. The company believes it operates in only one industry segment, telecommunications. However, by assigning customers to specific business units, customer service and cost effectiveness are enhanced. Specifically, business unit reengineering enabled a reduction in the company's core landline telephone business work force of about 11,500 employees. Although this required an after-tax restructuring charge of $455.8 million in 1994, it positioned the company for lower future operating costs, as discussed more fully on page 29.

1994 earnings, when normalized for the aforementioned extraordinary item and restructuring charges, coupled with a write-down of certain assets (discussed on page 29) by $61.3 million after-tax, were $1,687.6 million or $3.07 per share. This compares to normalized 1993 earnings of $1,488.4 million or $2.74 per share. This is an increase in earnings of $199.2 million, or 13.4%, and an increase in earnings per share of $.33 per share or 12.0%. Normalized items in 1993 relate to a gain from the sale of New Zealand Telecom shares and the company's share of a restructuring charge at that company. Reported earnings were a loss of $1,063.6 million, or $1.94 per share in 1994, and net income of $1,512.3 million in 1993 or $2.78 per share. Cash provided by operations increased to $3,429.8 million in 1994 from $3,188.6 million in 1993, an increase of $241.2 million, or 7.6%.

The strong Midwest economy provided a catalyst for the company's success in 1994. Core business operations continued to show strong results with landline telephone business revenues increasing 4.5% to $9.6 billion. A major portion of that growth reflects marketing success for custom calling features such as caller ID and call waiting. Access line growth was 3.9% in 1994, resulting in part from second line additions as residences installed fax machines, modems and other uses. Cellular customers increased by 51.0% from a year ago. Advertising and promotion costs incurred throughout the business in 1994 were $242.5 million and $204.4 million in 1993 and assisted revenue growth.

International investments represent 5.4% of the company's assets at December 31, 1994. Such investments are accounted for by using the equity method of accounting, as required by generally accepted accounting principles and, accordingly, do not contribute to recorded revenues of the company. The company's allocable share of the operating results of its international investments is included in other income in the company's consolidated statement of income. The company estimates its pro rata share of revenues in 1994 from these international investments at about US$550 million. The company believes these investments will continue to enhance net income. Management has adopted a general strategy of forming strategic alliances with partners in its foreign investments to mitigate risk and share expertise.

In May 1994, $472.5 million was invested in the form of a loan to a General Electric Company (GE) subsidiary that provides sophisticated electronic commerce, which is a high-growth market. The loan converts to a 30% equity position if certain regulatory relief is granted to the company. Currently, the investment yields the company a return in the form of interest income. However, upon conversion, the company will record 30% of the income of that GE subsidiary, which will be reduced by amortization of intangibles resulting from assuming an equity position in that company. Accordingly, after conversion Ameritech earnings may initially not be enhanced; however, long-term expectations are for significant growth in electronic commerce.